
Ji Zhaojin, A History of Modern Shanghai Banking. The Rise and Decline of China Finance Capitalism

Armonk, New York, London, M. E. Sharpe, 2003, 325 p.

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NOTE DE L'ÉDITEUR

Translated from the French original by Jonathan Hall

- 1 To attempt a 260-page summary of the history of the Chinese and foreign banks in Shanghai over a whole century (1842-1952) is an extremely ambitious project. This was a historical epoch dominated by complex financial and monetary structures, and agitated by political developments—civil and foreign wars, imperialist penetration, nationalist reactions and revolutionary crises—, an epoch which appears as both a phase in China's modernisation and an episode in the expansion of international capital.
- 2 As a work of synthesis, Li Zhaojin's study successfully encompasses all the aspects of this history, which is narrated in a clear, but necessarily succinct form. There are nine chapters which start from the birth of the *qianzhuang* (traditional banks) in the eighteenth century, moving on to the establishment and rapid rise of the foreign banks (mostly British) after the Opium Wars, the efforts of the governments in Peking and Chinese entrepreneurs to meet the challenge by setting up modern banks of their own, the intervention of new players on the scene (the Japanese and the Americans) during the First World War, the Chiang Kai-shek government's policy of control between 1937 and 1945, the collapse of the Nationalist financial system, and finally the nationalisation of the Chinese banks and the elimination of foreign institutions after the revolution of 1949.

- 3 This account is essentially chronological. It covers the institutions, the men behind them, official policies and the development of national and international crises. It is supported by solid documentation, although this is slightly dated and contains occasional lacunae. It relies mainly on Chinese sources, some of which go back to the 1950s and have often been utilised. But the author also makes use of some fine studies and valuable records published over the last twenty years. However, he makes only limited use of archival material (the Shanghai municipal archives and the records of Chinese firms). The bibliography of Western material is based on well-established but fifty-year-old works, like those of Albert Feuerwerker, Hou Chi-ming, Stuart Kirby and Frank Tamagna. No account is taken of more specifically focused studies like those of Mark Elvin (on the 1910 banking crisis), Marie-Claire Bergère (on the modern Shanghai Bankers' Association), or Brett Sheehan's excellent monograph which, in the light of the "New Institutionalism", attempts an assessment of the influence of the Tianjin bankers on the emergence of accepted "rules of the game", seeing this as a forerunner of the rule of law¹.
- 4 The specialist will discover scarcely any new facts or insights here. But there are still certain matters of detail which will interest him, such as the procedures followed by the Bank of China in 1916, when it refused to implement the moratorium ordered by its headquarters (p. 102); or the loans granted by the Shanghai bankers to Chiang Kai-shek in the spring of 1927 to accomplish the repression of the trade unions and communist mass organisations (pp. 166-170); or, again, the manoeuvres by the Hong Kong branch of the Bank of China to prevent the Nationalist authorities from transferring its reserves to Taiwan in 1949 (p. 242).
- 5 Ji Zhaojin provides a conventional analysis of the role played by the Shanghai banks in the modernisation of China, lamenting the "imperfections" of the traditional banks as the products of a "precapitalist economy", as well as their weakness in the face of foreign competition, while also stressing the achievements of the Chinese bankers of 1920. The latter are represented as bearers of the ideals of *laissez-faire* and democratic politics (p. 257).
- 6 The author, who was educated in China but conducted his research in the United States, has replaced his former Marxist dogma with a set of liberal beliefs. This has not prevented his intellectual approach from retaining a certain rigidity, even though, thanks to the experience of his family (his father and grandfather having been active in Shanghai banking in the early twentieth century), he occasionally moderates his opposition of tradition to modernity by acknowledging that the former can serve as a basis for the latter. He concludes his analysis by turning to the familiar stock of clichés to borrow its praise of Confucianism, claiming for it all the virtues of the spirit of enterprise: thrift, the work ethic, etc.
- 7 The huge number of transcription errors in the notes and the bibliography might cause the reader give up in despair. This would be a pity because, despite its lack of originality, this book is the outcome of serious study. It brings together in an accessible manner information hitherto scattered throughout numerous separate works, and it throws light on a series of complex mechanisms and developments. It will serve as a useful introduction to anybody who is interested in the modernisation of China, and who seeks greater understanding of the forms which it is assuming nowadays.

NOTES

1. Brett Sheehan, *Trust in Troubled Times. Money, Banks and State-Society Relations in Republican Tianjin*, Cambridge, Mass., Harvard University Press, 2003.